# **KEC Greenhouse Gas Policy Committee Meeting Notes, May 13, 2008**

**KEC MGA Committee Members Attending:** Bruce Snead, Committee Chair, Rex Buchanan, Sarah Dean, Ken Frahm, Hans Nettleblad (by phone), Adrian Polansky, Curt Wright [Lt. Gov. Mark Parkinson, KEC Co-Chair]

**KEC Staff:** Liz Brosius, Ray Hammarlund, Corey Mohn, Jennifer Knorr.

#### **Opening Remarks**

Bruce Snead called meeting to order at 1:35 p.m. and asked members and guests to introduce themselves.

Audience member Miles Stott, KDHE, announced that the Kansas Energy & Environmental Policy Advisory Group (KEEP AG) will hold first meeting in Wichita on May 20<sup>th</sup>; gave out URL for web site developed by Center for Climate Strategies: <a href="www.ksclimatechange.us">www.ksclimatechange.us</a>. By next Tuesday, there should be a lot of background information included on the site. Liz Brosius noted that the news release announcing the KEEP AG members was included in the meeting packet. She asked who at the state level would be staffing the group. Stott said Tom Gross, KDHE, was the main contact. Brosius said she thought KDHE had already begun work with CCS on the inventory and Stott said that it was underway and was the first piece of the policy advisory group's work. Information should be available in two months. Jennifer Knorr said the Governor's Office would also help staff the group.

Sarah Dean asked how the inventory would line up with CO2 emissions data that the KEC Electricity Committee was compiling. Brosius said this was different from the statewide GHG inventory. It was agreed that coordination between state entities involved in GHG inventory and policy discussions would be necessary.

Snead asked Co-Chairs for opening remarks. Frahm noted that the Electricity Committee had a positive and productive meeting in the morning; Lt. Governor Parkinson agreed and noted that all three presidential candidates had endorsed cap-and-trade policies, so the presentations at this committee meeting were very relevant.

#### **Committee objectives**

Brosius said that the statement of objectives had been reorganized since the last meeting. and gave a brief overview of the revised document. She noted that committee member Rex Buchanan had offered to coordinate an initial meeting of Regents researchers (Objective 3). Dean asked how broadly the research topics were defined and would the committee be kept abreast on discussion? Buchanan said he thought the topics should be defined as broadly as possible and that everyone is invited to participate.

Snead said that he assumed that the consensus was to accept the revised objectives.

### Federal-level policy: cap-and-trade

Ray Hammarlund gave a presentation entitled "Federal Cap-and-Trade Policy: Overview of Design Options," noting that this was a first attempt to respond to questions raised at the last meeting about point of regulation, permit allocations, uses of revenue, and offsets in cap-and-trade policies. His presentation would provide some background in preparation for the June 10<sup>th</sup> presentation on cap-and-trade from Yale environmental economist Robert Repetto. The presentation is available on the KEC web site, under the May 13<sup>th</sup> meeting heading (http://www.kec.kansas.gov/electricity/index.htm).

Dean praised the presentation and said it brought into focus the issues at hand. She asked where are we going with this? Who is our audience? Why are we talking about national policy design? Is the ultimate goal to prepare for future lobbying? Hammarlund said that one goal might be to help the state prepare for future federal policy since any regulation (tax, cap-and-trade) is likely to have impacts on businesses. State may want to chime in regarding design of federal policy before decisions are made. Dean asked if the KEC might ultimately lobby our federal delegation; Brosius noted that the Exec. Order establishing the KEC stated that the Governor, Legislature, and KCC were the audience, but they could pass along KEC recommendations to Congressional delegation.

Corey Mohn gave a presentation entitled "Point of Regulation, Permit Allocation, Uses of Revenue, and Offsets in S. 2191 (Lieberman-Warner)," and noted that a 10-page summary of the bill was in the meeting packet. Mohn said that Lieberman-Warner appeared to be the leader of the pack in terms of federal proposals. The presentation is available on the KEC web site, under the May 13<sup>th</sup> meeting heading (http://www.kec.kansas.gov/electricity/index.htm).

In discussion that followed the presentation, Parkinson asked if there was any way for a high-carbon state like Kansas not to be disproportionately disadvantaged? Mohn mentioned the potential agricultural benefits from offsets.

Frahm asked if the state was advantage by the high percentage of permits that would be given away and the consensus was yes. Audience member Paul Snider, KCP&L, said he thought they would have to buy 38% at the start under Lieberman-Warner.

### Climate change questionnaire

Snead commented that this questionnaire was similar to the one circulated at last meeting, in that it was intended simply to spur discussion and identify areas of agreement and disagreement. He suggested that because so many members were not at the meeting that it might be best to have staff collect the questionnaires and then email the remainder of the committee and get their replies before compiling the answers. Frahm concurred. Questionnaire was circulated and, once completed, returned to Brosius for later compilation.

## **State-level policy options**

Snead provided a brief overview of his 6-page handout of suggestions. Noted that the first item came from the 2030 Challenge (related to buildings); items 2-7 came from Oregon's climate change education program; and the four draft bills were based on initiatives developed by the Apollo Alliance.

Dean said that Hans Nettelblad had worked on the 2030 Challenge and might be able to suggest speakers to cover these options.

Snead noted that the second handout was a list of suggestions compiled by staff of ideas from members as well as from staff. Dean asked whether these options were stand-alone policies and programs or whether they were part of some larger plan. Snead said it depends on the goals and criteria the committee selects.

Dean asked whether the committee wanted to use the graph in the McKinsey report as starting point. Hammarlund said the graph was a good depiction of a wide range of options, but hard to decipher in terms of how to move forward. He noted that things can be green in intent though not necessarily efficient or cost-effective. Brosius added that staff had reviewed the report quite thoroughly and wasn't sure that it provided helpful cost-benefit information for Kansas policies.

Following a discussion of various state-level policy options from the handouts and otherwise, committee members agreed that it was hard to analyze and prioritize the options with so many committee members absent. Snead suggested the discussion of policy options be postponed until after the June 10<sup>th</sup> meeting and the report on the energy efficiency potential study.

Dean said she'd like to see the committee pursue wind and energy efficiency in buildings as policy options and suggested presentations from Dan Nagengast and someone involved in the 2030 Challenge for background information.

Hammarlund asked if Snead had any specific direction to staff, and Snead asked staff to compile 5-10 cost-effective energy efficiency policies that might work for Kansas.

Snead adjourned the meeting at 4:15 p.m.